

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 NSC-05 SS-15 STR-04 L-03 H-01
PA-01 PRS-01 /115 W
-----051501Z 016052 /53

R 051400Z MAY 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 6472

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 13270

DEPARTMENT PASS TREASURY FOR JUNZ

E.O. 11654: N/A
TAGS: CIEC, ECON
SUBJECT: CIEC FINANCIAL AFFAIRS COMMISSION:
NEW G-19 TEXT ON "OTHER FLOWS"

1. IN FAC CONTACT GROUP NO. 2, G-19 HAS INTROCUFDUCED
NEW DRAFT ON "OTHER FLOWS." SUBJECT WILL BE DISCUSSED
FURTHER ON MAY 9. TEXT FOLLOWS: 4.V.77

B. OTHER FINANCIAL FLOWS

RECOGNIZING THE IMPORTANT CONTRIBUTION THAT OTHER
INTERNATIONAL FINANCIAL FLOWS CAN MAKE TO THE DEVELOP-
MENT OBJECTIVES OF THE DEVELOPING COUNTRIES, THE
COMMISSION AGREES THAT:

A. EXPORT CREDIT

THE DEVELOPED COUNTRIES SHOULD UNDERTAKE:
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A) TO STIMULATE THE EXPENDED USE OF EXPORT CREDIT
AND SO FACILITATE THE INCREASED SUPPLY OF CAPITAL
GOODS ON APPROPRIATE CREDIT TERMS TO DEVELOPING
COUNTRIES- AND

B) WITH RESPECT TO ORDERS FROM DEVELOPING COUNTRIES
TO ABANDON ATTEMPTS TO ELIMINATE COMPETITION

AMONGST SUPPLIERS THROUGH THE TERMS OF EXPORT CREDITS, TO REVERSE THE RECENT TREND ON THE GENERAL HARDENING IN THE TERMS OF SUCH CREDITS, TO EXPAND THE EXPORT CREDITS' INSURANCE COVERAGE AND SOFTEN ITS TERMS AND CONDITIONS.

B. SPECIAL DRAWING RIGHTS

L. A SECOND ALLOCATION OF SDRS SHOULD BE CONSIDERED IMPERATIVE IN THE CONTEXT OF THE PRESENT INTERNATIONAL LIQUIDITY POSITION AND ITS COMPOSITION AS WELL AS IN MOVING TOWARDS THE OBJECTIVE OF MAKING THE SDR THE PRINCIPAL RESERVE ASSET OF THE INTERNATIONAL MONETARY SYSTEM. SUCH ALLOCATION SHOULD BE IN THE RANGE OF 5 TO 8 BILLION SDRS PER ANNUM AS RECOMMENDED IN THE IMF STAFF PAPER /1/ AND SHOULD START IN JANUARY 1978.
/1/ "THE ADEQUACY OF INTERNATIONAL LIQUIDITY"
IMF STAFF PAPER SM/77/62

2. APPROPRIATE STEPS SHOULD BE TAKEN TO ENHANCE THE RESERVE CHARACTERISTICS AND ATTRACTIVENESS OF THE SDR INTER ALIA BY:

I) INCREASING THE RATE OF INTEREST ON SDR HOLDINGS,

II) ELIMINATING RESTRICTIONS ON THE USE OF SDRS, AND

III) ELIMINATING THE RECONSTITUTION

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PROVISIONS OF SDRS.

3. ACTION SHOULD BE TAKEN TOWARDS THE ESTABLISHMENT OF A LINK BETWEEN SDR ALLOCATION AND THE PROVISION OF FINANCIAL RESOURCES TO DEVELOPING COUNTRIES.

4. IN ORDER TO ACHIEVE A MORE EQUITABLE DISTRIBUTION OF RESERVE ASSETS, THE PRESENT PRACTICE OF BASING A COUNTRY'S ALLOCATION OF SDRS STRICTLY ON ITS QUOTA SHOULD BE ABANDONED BY RESERVING THE MAJOR PORTION OF FUTURE ALLOCATIONS FOR THE DEVELOPING COUNTRIES.

C. SUPPLEMENTARY CREDIT FACILITY

(G-19 PROPOSAL TO BE SUBMITTED)

D. QUOTAS

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1. NOTWITHSTANDING THE ESTABLISHMENT OF THE
SUPPLEMENTARY CREDIT FACILITY THERE IS NEED FOR
SUBSTANTIAL AUGMENTATION OF THE RESOURCES OF THE
FUND TO ENABLE IT TO PLAY A GREATER ROLE IN THE
FINANCING OF PAYMENTS IMBALANCES, AND IN THIS
CONTEXT AN INCREASE OF 100 PER CENT IN QUOTAS
UNDER THE SEVENTH GENERAL REVIEW IS FAVOURED.
2. WITHIN THE SEVENTH REVIEW OF QUOTAS THE SHARE OF
DEVELOPING COUNTRIES SHOULD BE INCREASED TO AT
LEAST 40 PER CENT OF TOTAL QUOTAS.
3. THE TEMPORARY INCREASE OF 45 PER CENT IN
THE TRANCHES SHOULD BE MAINTAINED UP TO
THE COMING INTO EFFECT OF THE SEVENTH REVIEW OF
QUOTAS.

E. IMF POLICIES ON CONDITIONALITT

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THE CONDITIONALITIES ATTACHED TO THE VARIOUS CREDIT FACILITIES OF THE FUND NEED TO BE REVIEWED TO ALLOW DEVELOPING COUNTRIES TO OBTAIN GREATER BALANCE OF PAYMENTS SUPPORT ON APPROPRIATE TERMS. IT SHOULD BE BORNE IN MIND THAT MEMBERS HAVE BEEN DISCOURAGED FROM MAKING USE OF SOME OF THE FUND'S RESOURCES AVAILABLE TO THEM ON ACCOUNT OF SEVERE CONDITIONALITIES.

F. OTHER MATTERS

IN THE CONTEXT OF THE PRINCIPLES AND PROCEDURES OF SURVEILLANCE, THE FUND SHOULD TAKE INTO CONSIDERATION THE PARTICULAR CIRCUMSTANCES OF THE DEVELOPING COUNTRIES IN DECISIONS AFFECTING THE EXCHANGE RATES OF MEMBERS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770590/aaaaczpr.tel
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Litigation Codes:
Litigation History:
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Message ID: 7477179a-c288-dd11-92da-001cc4696bcc
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
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Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2631569
Secure: OPEN
Status: NATIVE
Subject: CIEC FINANCIAL AFFAIRS COMMISSION: NEW G-19 TEXT ON \"OTHER FLOWS\"
TAGS: ECON, CIEC
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/7477179a-c288-dd11-92da-001cc4696bcc
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Declassified/Released
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EO Systematic Review
22 May 2009
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